

Internal Revenue Service
P.O. Box 2508, Room 7008
Cincinnati, OH 45201

Department of the Treasury
Exempt Organizations
Rulings and Agreements

Date: May 8, 2009

Employer Identification Number:

Number: 200931060
Release Date: 7/31/2009

Contact Person - ID Number:

Contact Telephone Numbers:
(phone)
(fax)
UIL# 4945.04-04

Legend

W = Organization
X = Program #1
Y = Program #2
a = \$amount

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated September 10, 2008.

Our records indicate that W was recognized as exempt from Federal income tax under section 501(c)(3) of the Code.

W was classified as a private foundation, as defined in section 509(a), effective January 1, 2006. Your letter indicates that W is no longer actively making grants or awarding scholarships, effective January 1, 2007. Therefore, this approval letter pertains to X grants awarded during 2006.

Your letter indicates W operated a program called Y that made grants to organizations. Since Y was not for individuals advance approval was not required.

Your letter also indicates that W operated a grant-making program for individuals called X. This approval letter pertains to X.

The purpose of X under 4945(g)(1) was to award members of the top five winning teams in a competitive contest related to world environment issues with various amounts of scholarships to attend qualifying colleges and universities of their choice. These scholarships promoted interest in the study of current environmental issues affecting this country and the world.

In conducting X, W offered all five (5) members of the five (5) highest scoring teams in competition varying amounts of awards in the form of scholarships from a. Approximately 500,000 students competed for the awards through various stages of competition. Five member teams submitted entry forms describing an environmental project the team wished to present for judging. Once entered in the competition the team prepared its presentation to be

judged by studying environmental issues and developing solutions. Teams trained by scheduling field trips to natural resource sites, museums or other areas of interest, listening to presentations given by natural resource professionals and careful study of natural resource materials. Teams conducted research of environmental issues and used research techniques to solve environmental problems learned from their training.

Independent judges, appointed by local hosting organizations, evaluated presentations of each team and numerically scored each entry on a rubric developed for the event. Winning teams at the local level advanced to intermediate levels and on to a national competition. Once the top five highest scoring teams were selected by the panel of independent and unrelated professional environmentalist notices of the scholarships were sent out to individual members.

In all cases judges were not disqualified persons with respect to the organization and were totally independent of participating teams. Individual members selected their accredited school of choice and notified W. W sent the scholarship directly to the school after receiving information on the name of the school, the student's ID number and evidence of enrollment and paid fees.

Each winning participant has up to two years to use the scholarship before it will be forfeited. Scholarships not utilized are put back into the fund for future use.

W has stated it will comply with record keeping requirements by maintaining a file with guidelines for each scholarship/award and the respective criteria for each along with applications, approvals and final reports submitted by each recipient upon completion. W will retain applications with each member's proposed annual budget.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that; (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that; (1) Its grant procedure includes an objective and nondiscriminatory selection process; (2) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and (3) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) and 4945(g)(3) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures
Notice 437
Redacted copy of letter